

DURAN VENTURES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTH PERIODS ENDED

SEPTEMBER 30, 2017

(Unaudited)

(Expressed in Canadian dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

These unaudited interim financial statements have been amended to show correct comparative dates in the Condensed Consolidated Interim Statements of Changes in Shareholders' Equity.

DURAN VENTURES INC.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Unaudited)
(Expressed in Canadian dollars)

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DURAN VENTURES INC.
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	September 30, 2017 \$	December 31, 2016 \$
ASSETS		
CURRENT		
Cash	37,112	43,003
Marketable securities (Note 6)	135,000	-
Prepaid expenses and advances	38,847	57,503
Amounts receivable	58,139	84,100
Inventory	44,094	145,681
TOTAL CURRENT ASSETS	313,192	330,287
PROPERTY, PLANT AND EQUIPMENT (Note 7)	2,059,992	1,966,949
EXPLORATION AND EVALUATION ASSETS (Notes 8 and 13)	582,051	803,051
TOTAL ASSETS	2,955,235	3,100,287
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	831,607	424,564
Promissory notes and interest payable (Notes 9 and 17)	195,774	-
Due to related parties (Note 17)	395,225	169,394
TOTAL LIABILITIES	1,422,606	593,958
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 10)	50,634,795	50,402,306
WARRANT RESERVE	531,933	504,459
SHARE-BASED PAYMENT RESERVE (Note 11)	23,589	318,816
ACCUMULATED OTHER COMPREHENSIVE LOSS	5,000	-
DEFICIT	(49,590,000)	(48,749,621)
TOTAL SHAREHOLDERS' EQUITY	1,605,317	2,475,960
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTEREST	(72,688)	30,369
TOTAL SHAREHOLDERS' EQUITY	1,532,629	2,506,329
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,955,235	3,100,287

GOING CONCERN (Note 2)

COMMITMENTS AND CONTINGENCIES (Note 18)

SUBSEQUENT EVENTS (Note 19)

APPROVED ON BEHALF OF THE BOARD:

Signed "Steven Brunelle" , Director

Signed "Jeffrey Reeder" , Director

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Three-Months Ended		Nine-Months Ended	
	September 30		September 30	
	\$		\$	
	2017	2016	2017	2016
EXPENSES				
Plant start-up expenses (Note 15)	177,561	212,935	631,200	655,617
Exploration and evaluation expenditures (Note 13)	31,807	77,240	216,863	344,991
Revaluation of exploration assets (Note 8)	-	-	(9,000)	-
General and administration (Note 16)	191,571	149,122	490,208	621,613
Loss before the following:	400,939	439,297	1,329,271	1,622,221
Foreign exchange (gain) loss	(103,715)	136,689	(41,122)	546,482
Interest expense	9,219	-	16,514	-
NET LOSS FOR THE PERIOD	306,433	575,986	1,304,663	2,168,703
Other comprehensive gain	(15,000)	(24,212)	(5,000)	(4,022)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	291,433	551,774	1,299,663	2,164,681
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO:				
Non-controlling interest	35,100	-	103,057	-
Common shareholders	256,343	551,774	1,196,606	2,164,681
	291,443	551,774	1,299,663	2,164,681
Loss per share – basic and diluted	0.005	0.014	0.026	0.061
Weighted average number of common shares outstanding	48,138,938	39,134,368	46,808,323	35,392,396

See accompanying notes to the unaudited condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE**(GAIN) LOSS ("AOCI")**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Three-Months Ended		Nine-Months Ended	
	September 30		September 30	
	\$		\$	
	2017	2016	2017	2016
Accumulated other comprehensive loss at beginning of period	10,000	157,189	-	137,000
Unrealized (gain) on marketable securities	(15,000)	(24,211)	(5,000)	(4,022)
Accumulated other comprehensive (gain) loss at end of period	(5,000)	132,978	(5,000)	132,978

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Common Shares	Warrants	Share-based Payment Reserve \$	Accumulated Other Comp. Income \$	Deficit \$	Total \$	Non- Controlling Interest \$	Total Shareholders' Equity \$
	Amount \$	Reserve Amount \$						
Balance, December 31, 2015	49,830,521	-	1,390,079	(137,000)	(47,397,168)	3,686,432	-	3,686,432
Issued for cash	469,327	466,742	-	-	-	936,069	-	936,069
Value of warrants and options expired	-	-	(1,071,263)	-	1,071,263	-	-	-
Unrealized gain on marketable securities	-	-	-	4,022	-	4,022	-	4,022
Net loss	-	-	-	-	(2,168,703)	(2,168,703)	-	(2,168,703)
Balance, September 30, 2016	50,299,848	466,742	318,816	(132,978)	(48,494,608)	2,457,820	-	2,457,820
Issued for cash	102,458	37,152	-	-	-	139,610	-	139,610
Issued for finder's fee	-	565	-	-	-	565	-	565
Unrealized loss on marketable securities	-	-	-	(16,328)	-	(16,328)	-	(16,328)
Reclassification of loss on marketable securities	-	-	-	149,306	-	149,306	-	149,306
Issuance of non-controlling interest	-	-	-	-	-	-	59,950	59,950
Net loss	-	-	-	-	(255,013)	(255,013)	(29,581)	(284,594)
Balance, December 31, 2016	50,402,306	504,459	318,816	-	(48,749,621)	2,475,960	30,369	2,506,329
Shares issued for cash – exercise of warrants	33,676	(7,276)	-	-	-	26,400	-	26,400
Shares issued for debt settlement	96,063	-	-	-	-	96,063	-	96,063
Issued for cash	102,750	34,750	-	-	-	137,500	-	137,000
Share based payments	-	-	66,000	-	-	66,000	-	66,000
Value of options expired	-	-	(361,227)	-	361,227	-	-	-
Unrealized loss on marketable securities	-	-	-	5,000	(5,000)	-	-	-
Net loss	-	-	-	-	(1,196,606)	(1,196,606)	(103,057)	(1,299,663)
Balance, September 30, 2017	50,634,795	531,933	23,589	5,000	(49,590,000)	1,605,317	(72,688)	1,532,629

See accompanying notes to the unaudited condensed consolidated interim financial statements.

DURAN VENTURES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

Nine-Months Ended

September 30

\$

2017

2016

**CASH FLOWS PROVIDED BY (USED IN):
OPERATING ACTIVITIES**

Net loss for the period	(1,304,663)	(2,168,703)
Add items not requiring cash:		
Share based payments	66,000	-
Interest payable on promissory notes	16,514	-
Write-up of exploration and evaluation asset	(9,000)	-
Amortization	474	474
Change in non-cash operating working capital:		
Decrease in prepaids and advances	18,656	14,590
Decrease (increase) in amounts receivable	25,961	(205,630)
Decrease (increase) in inventory	101,587	(99,826)
Increase in accounts payable and accrued liabilities	446,236	(12,484)
Increase in due to related parties	236,961	120,298
Cash flows used in operating activities	<u>(401,274)</u>	<u>(2,351,281)</u>

INVESTING ACTIVITIES

Proceeds on sale of exploration and evaluation asset	100,000	-
Additions to property, plant and equipment	(135,032)	(998,173)
Net proceeds from plant commissioning revenue	41,515	-
Decrease in deposits on property, plant and equipment	-	250,921
Cash flows to investing activities	<u>6,483</u>	<u>(747,252)</u>

FINANCING ACTIVITIES

Promissory notes received	225,000	-
Issuance of private placements units for cash	137,500	965,108
Issue costs	-	(29,039)
Shares issued for cash – exercise of warrants	26,400	-
	<u>388,900</u>	<u>936,069</u>
Decrease in cash	(5,891)	(2,162,464)
Cash, beginning of period	43,003	2,497,888
Cash, end of period	<u>37,112</u>	<u>335,424</u>

Supplemental Information

Common shares issued for debt	96,063	-
Marketable securities received for sale of asset	135,000	-

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

1. GENERAL INFORMATION

Duran Ventures Inc. (“Duran” or “the Company”) is a publicly listed company originally incorporated in British Columbia and subsequently continued to Ontario under the Canada Business Corporations Act. The Company’s common shares have been listed on the TSX Venture Exchange (“TSXVE”) since July 4, 2007, and on the Risk Capital Segment of the Lima Stock Exchange (Segmento de Capital de Riesgo de la Bolsa de Valores de Lima) in Peru, since September 21, 2012, and trade under the symbol “DRV” on both Exchanges. The Company, directly and with exploration partners, is engaged in the exploration of mineral properties in Peru. The Company’s principal office is located at 40 University Avenue, Suite 603, Toronto, Ontario, Canada M5J 1T1 and substantially all of the Company’s administrative expenses are incurred in Canada.

2. GOING CONCERN

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company’s assets are subject to increases in taxes and royalties, renegotiation of contracts, expropriation, currency exchange fluctuations and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing registration or regulations, unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory, social and environmental requirements.

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company also had a loss during the nine month period ended September 30, 2017 and a cumulative deficit as at September 30, 2017. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company’s ability to continue as a going concern. The Company’s continuance as a going concern is dependent upon its ability to obtain adequate financing or to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation.

3. BASIS OF CONSOLIDATION

These unaudited condensed consolidated interim financial statements include the accounts of the Company, which is incorporated in Canada under the Canada Business Corporations Act, and its wholly owned subsidiaries, Corongo Exploraciones SAC (“Corongo”), Empresa Querco SAC (“Querco”), Mamaniña Exploraciones SAC (“Mamaniña Exploraciones”) and Hatum Minas SAC (“Hatun Minas”), and its 80% owned subsidiary companies Minera Aguila de Oro SAC (“Madosac”) and Insumos Y Minerales del Norte SRL (“Insumos”), all of which were incorporated in Peru. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. All inter-

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

3. BASIS OF CONSOLIDATION (continued)

company balances and transactions have been eliminated. The unaudited condensed consolidated interim financial statements include assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

For non-wholly owned, controlled subsidiaries, the net assets attributable to outside equity shareholders are presented as “non-controlling interests” in the equity section of the unaudited condensed consolidated statement of financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Statement of Compliance**

These unaudited condensed consolidated interim financial statements of the Company and its subsidiaries were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company’s 2016 annual financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The accounting policies and the application are consistent with those disclosed in Note 4 to the Company’s consolidated financial statements for the year ended December 31, 2016.

The policies applied in these unaudited condensed consolidated interim financial statements are based on the IFRS issued and effective as of September 30, 2017. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ended December 31, 2016 could result in restatement of these interim consolidated financial statements. These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on November 28, 2017.

(b) Basis of preparation

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars. The financial statements are prepared on the historical cost basis except for marketable securities and derivative instruments, which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(c) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IRFS Interpretations Committee that are not mandatory for accounting periods beginning on or after January 1, 2018 or later periods. They have not been early adopted in these interim financial statements, and they are expected to affect the Company in the period of initial application. In all cases the Company intends to apply these standards from application date as indicated below:

- IFRS 2 Share-based Payment

IFRS 2 – Share-based Payment (“IFRS 2”) was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(c) Standards, Amendments and Interpretations Not Yet Effective (continued)**

▪ IFRS 9 Financial Instruments

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

▪ IFRS 16 Leases

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

▪ IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 – Foreign Currency Transactions and Advance Consideration (“IFRIC 22”) was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognized in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018.

▪ IFRS 15 Revenue From Contracts with Customers

IFRS 15 - Revenue From Contracts With Customers (“IFRS 15”) proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(c) Standards, Amendments and Interpretations Not Yet Effective (continued)**

recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

There are no other IFRS's or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Areas of critical accounting estimates and judgements that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are disclosed in Note 5 of the Company's consolidated financial statements as at and for the year ended December 31, 2016.

6. MARKETABLE SECURITIES

The Company's marketable securities consist of 1,000,000 common shares (December 31, 2016 – Nil common shares) of Tartisan Resources Corp. ("Tartisan"). The fair value of the listed available for sale investment has been determined directly by reference to published price quotations in an active market.

7. PROPERTY, PLANT AND EQUIPMENT

Cost	Office furniture and equipment	Computer equipment	Field equipment	Plant	Total
	\$	\$	\$	\$	\$
Balance at December 31, 2016	29,582	28,591	15,148	1,959,697	2,033,018
Additions	-	-	-	135,032	135,032
Plant commissioning revenue	-	-	-	(41,515)	(41,515)
Balance at September 30, 2017	29,582	28,591	15,148	2,053,214	2,126,535

Amortization and impairment	Office furniture and equipment	Computer equipment	Field equipment	Plant	Total
	\$	\$	\$	\$	\$
Balance at December 31, 2016	29,582	27,621	8,866	-	66,069
Additions	-	243	231	-	474
Balance at September 30, 2017	29,582	27,864	9,097	-	66,543

Carrying amounts	Office furniture and equipment	Computer equipment	Field equipment	Plant	Total
	\$	\$	\$	\$	\$
At December 31, 2016	-	970	6,282	1,959,697	1,966,949
At September 30, 2017	-	727	6,051	2,053,214	2,059,992

As at September 30, 2017, the plant is in commissioning phase and has not achieved commercial production. Therefore no amortization has been taken on this asset.

The net book value of the Company's property, plant and equipment at September 30, 2017 by geographic location is as follows: Canada - Nil (2016 - Nil), and Peru \$2,059,992 (2016 - \$1,966,949).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS

	December 31, 2015 \$	Impairment reversal \$	December 31, 2016 \$	Impairment reversal \$	Sale of Assets \$	September 30, 2017 \$
Peru						
Hatum Minas Properties	582,051	221,000	803,051	9,000	(230,000)	582,051
Total Exploration Properties	582,051	221,000	803,051	9,000	(230,000)	582,051

Hatum Minas Properties

As at September 30, 2017 the Hatum Minas Properties include the Panteria porphyry copper project. Title to the Hatum Minas Properties is held by the Company's wholly-owned Peruvian subsidiary, Hatum Minas.

On March 23, 2017 the Company sold the Don Pancho property to Tartisan for cash consideration of \$50,000 and 500,000 shares of Tartisan valued at \$60,000 as at the date received, based on the quoted market price of the shares. Duran will also receive an additional 500,000 shares of Tartisan as certain project milestones are achieved by Tartisan, and will retain a 2% Net Smelter Royalty ("NSR") in the Don Pancho Project of which half (1%) can be purchased by Tartisan for US\$500,000.

On April 12, 2017 the Company sold the Ichuña property to Tartisan for cash consideration of \$50,000 and 500,000 shares of Tartisan valued \$70,000 as at the date received, based on the quoted market price of the shares. Duran will also receive an additional 500,000 shares of Tartisan as certain project milestones are achieved by Tartisan, and will retain a 2% NSR in the Ichuña project of which half (1%) can be purchased by Tartisan for US\$500,000.

See Exploration and Evaluation Expenditures (Note 13).

9. PROMISSORY NOTES AND INTEREST PAYABLE

During the nine months ended September 30, 2017, the Company issued promissory notes of \$225,000 of which \$45,000 was repaid in May 2017 as part of a shares for debt settlement (See Note 10(a)(iii)). The promissory notes are due on demand and bear interest at an annual rate of 18%. As at September 30, 2017, the Company had promissory notes payable outstanding of \$180,000 (December 31, 2016 - Nil) and interest payable of \$15,774 (December 31, 2016 - \$ Nil). (See Note 17).

10. CAPITAL STOCK AND OTHER EQUITY**a) Authorized, Issued and Outstanding shares**

Authorized - unlimited number of common shares with no par value,

- 100,000,000 preferred shares with no par value

A summary of common shares outstanding as at September 30, 2017 and December 31, 2016 and changes during the periods then ended are presented below:

	Shares #	Amount \$
Balance, December 31, 2015	33,521,408	49,830,521
Issued in private placement (i)	12,326,921	1,109,423
Value assigned to warrants issued in private placement, net of costs (i)	-	(504,459)
Share issue costs (i)	-	(33,179)
Balance, December 31, 2016	45,848,329	50,402,306
Exercise of warrants (ii)	176,000	26,400
Allocation from warrant reserve	-	7,276
Issued for settlement of debt (iii)	1,067,368	96,063
Issued in private placement (iv)	2,750,000	102,750
Balance, September 30, 2017	49,841,697	50,634,795

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

10. CAPITAL STOCK AND OTHER EQUITY**a) Authorized, Issued and Outstanding shares (continued)**

- (i) During the year ended December 31, 2016, the Company completed a non-brokered private placement financing (the “2016 Offering”). In total the Offering consisted of 12,326,921 Units for aggregate gross proceeds to the Company of \$1,109,423. Each Unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share at an exercise price of \$0.15 for a period of two years from the closing of each tranche of the 2016 Offering. The Company paid total finder’s fees of \$32,614 and issued 12,000 broker warrants (valued at \$565) which entitles the holder to purchase 12,000 common shares at an exercise price of \$0.09 until July 25, 2018.
- (ii) During the nine months ended September 30, 2017 a total of 176,000 warrants were exercised at \$0.15 per share for gross proceeds of \$26,400.
- (iii) On May 30, 2017, the Company issued 1,067,368 common shares on settlement of debt amounting to \$96,063. A total of 63,888 of the foregoing common shares were issued to an officer of the Company for an aggregate settlement of \$56,870.
- (iv) During the nine months ended September 30, 2017, the Company completed the first two tranches of a non-brokered private placement financing (the “2017 Offering”). In total the first two tranches of 2017 Offering consisted of 2,750,000 Units for aggregate gross proceeds to the Company of \$137,500. Each Unit consisted of one common share and one half common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one additional common share at an exercise price of \$0.075 for a period of two years from the closing of each tranche of the 2017 Offering. In the event that the closing sale price of the Common Shares on the TSXVE is greater than \$0.15 per share for a period of 20 consecutive trading days at any time after the date that is four months and one day after the closing of the 2017 Offering, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof and in such case the Warrants will expire on the 30th day after the date on which such notice is given by the Company.

b) Share Purchase Warrants

A summary of warrants outstanding as at September 30, 2017 and December 31, 2016 and changes during the periods then ended are presented below:

	Warrants #	Amount \$	Weighted average exercise price \$
Balance, December 31, 2015	-	-	
Issued in private placement (i)	12,326,921	512,542	0.15
Broker warrants (i)	12,000	565	0.09
Issue cost	-	(8,648)	
Balance, December 31, 2016	<u>12,338,921</u>	<u>504,459</u>	0.15
Exercised	(176,000)	(7,276)	0.15
Issued in private placement (ii)	<u>1,375,000</u>	<u>34,750</u>	0.075
Balance, September 30, 2017	<u><u>13,537,921</u></u>	<u><u>531,933</u></u>	

- (i) As a result of the 2016 Offering the Company issued 12,326,921 common share purchase warrants (valued at \$512,542) with an exercise price of \$0.15. In addition the Company issued 12,000 broker warrants (valued at \$565) which entitle the holder to purchase 12,000 common shares at an exercise price of \$0.09 until July 25, 2018.
- (ii) As a result of the 2017 Offering the Company issued 1,375,000 common share purchase warrants (valued at \$34,750) with an exercise price of \$0.075. The fair value of the common share purchase warrants issued in the first two tranches of the 2017 Offering was estimated at the date of grant using

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10. CAPITAL STOCK AND OTHER EQUITY (continued)**b) Share Purchase Warrants (continued)**

the Black-Sholes pricing model with the following assumptions: expected dividend yield 0%, expected volatility 252%, risk free interest rate of 0.99% and an expected life of two years.

The following warrants are outstanding as at September 30, 2017:

Expiry date	Number of warrants outstanding	Exercise price \$	Weighted average remaining contractual life (years)
July 25, 2018	12,000	0.09	1.07
July 25, 2018	6,579,421	0.15	1.07
August 12, 2018	1,180,000	0.15	1.12
September 30, 2018	2,825,000	0.15	1.25
October 7, 2018	1,603,500	0.15	1.27
August 22, 2019	1,000,000	0.075	1.92
September 01, 2019	375,000	0.075	1.92
	<u>13,574,921</u>		<u>1.23</u>

11. SHARE-BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN

The Company has adopted a share option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The terms and conditions of the options are determined by the Board of Directors.

The aggregate number of share options shall not exceed 10% of the issued and outstanding common shares of the Company, and if any option granted under the plan expires or terminates for any reason in accordance with the terms of the plan without being exercised, that option shall again be available for the purpose of the plan. In addition, the exercise price of options granted under the plan shall not be lower than the exercise price permitted by the TSXVE, and all options granted under the plan will have a term not to exceed five years after issuance.

A summary of the status of the Plan as at September 30, 2017 and December 31, 2016, and changes during the periods ended on those dates are presented below:

	Number of options #	Weighted average exercise price \$
Balance, December 31, 2015	1,407,143	1.33
Expired	(778,573)	1.90
Balance, December 31, 2016	<u>628,570</u>	0.87
Issued	1,100,000	0.10
Expired	(578,570)	(0.89)
Balance, September 30, 2017	<u>1,150,000</u>	0.10

As at September 30, 2017, the Company had outstanding share options issued to directors, officers and employees of the Company as follows:

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11. SHARE-BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN (continued)

Date of Grant	Options Outstanding #	Options Vested #	Exercise Price \$	Expiry Date
February 19, 2013	50,000	50,000	0.70	February 18, 2018
April 27, 2017	1,000,000	1,000,000	0.10	April 27, 2022
June 28, 2017	100,000	100,000	0.10	June 28, 2022
	<u>1,150,000</u>	<u>1,150,000</u>		

The weighted average remaining contractual life of options issued and outstanding as at September 30, 2017 was 4.15 years. (December 31, 2016 - 0.46 years).

The grant date fair value of the options granted was estimated using the Black-Sholes option pricing model, using the following weighted average assumptions:

	2017	2016
Risk-free interest rate	1%	-
Expected life (years)	5.0	-
Expected volatility	199%	-
Expected rate of forfeiture	nil	-
Expected dividend yield	nil	-

12. INVESTMENT IN INSUMOS

On September 14, 2015, the Company and its wholly-owned subsidiary, Madosac, entered into an agreement with a private Peruvian company, Insumos, to establish a mineral processing plant in northern Peru. Under the terms of the agreement Duran was required to invest US\$1.5million and establish a line of credit of US\$250,000 for the purpose of general working capital for the start-up. Insumos holds the concessions on which the plant was built. The Company had the necessary permits in place to construct the mineral processing plant.

On November 7, 2016, the Company and Insumos finalized the transaction and 20% of the outstanding shares of Madosac were transferred to the majority shareholder of Insumos in exchange for 80% of the outstanding shares of Insumos. As the Company received 80% of the outstanding shares of Insumos, the Company consolidated Insumos for the period of November 7, 2016 to December 31, 2016 in its consolidated financial statements as at and for the year ended December 31, 2016. The transaction has been accounted for as an asset acquisition.

The assets acquired and liabilities of Insumos were recorded at their estimated fair market values as follows:

Purchase Price Consideration Paid	
Estimated fair value of Madosac shares issued	<u>\$ 48,049</u>
Net Assets Acquired	
Cash	\$ 4,415
Amounts receivable	2,382
Inventory	17,108
Mining concessions	127,535
Accounts payable and accruals	(91,379)
Non-controlling interest	(12,012)
	<u>\$ 48,409</u>

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13. EXPLORATION AND EVALUATION EXPENDITURES

During the three months ended September 30, 2017, the Company had net exploration and evaluation expenditures of \$31,807 (three months ended September 30, 2016 - \$77,240). During the nine months ended September 30, 2017, the Company incurred exploration and evaluation expenditures of \$216,863 (September 30, 2016 - \$344,991).

Mamaniña Project

The Company holds a 100% interest in the Mamaniña copper/gold project located in north central Peru. Title to the concessions comprising this project is held by Mamaniña.

Panteria Project

The Company holds a 100% interest in the Panteria porphyry copper project located in south central Peru. Title to the concessions comprising this project is held by Hatum Minas.

On March 14, 2016 the Company entered into an option agreement (the "Agreement") on its Panteria project with Minera Antares Peru SAC – a wholly owned subsidiary of First Quantum Minerals Ltd. (collectively "FQM").

Under the terms of the Agreement, FQM can conduct due diligence studies for up to 18 months before proceeding to earn up to 80% of the Project by delineation of a resource greater than 1 million tonnes of copper equivalent and making a series of staged payments over 5 years. If FQM proceed to a decision to mine they have the option to buy the remaining 20% equity from Duran for US \$0.02 per lb of copper equivalent based on 20% of delineated reserves. Duran will retain a 0.5% Net Smelter Royalty ("NSR").

The Agreement outlines an exploration and development schedule divided into 3 states:

Stage 1: Duran will assign all exploration rights to FQM and FQM will contract Duran's community relations team in order to obtain community approval as a pre-requisite for the environmental permit (DIA). FQM will have the rights to carry out due diligence studies over a period of 18 months subsequent to receiving the aforementioned community approval.

Stage 2: FQM may earn an 80% interest in the Project by defining a mineral resource, and reporting the resource in compliance with National Instrument 43-101, in excess of 1 million tonnes of copper equivalent within 5 years and making a series of escalating payments with a maximum cumulative total of US \$500,000 (First Option).

Stage 3: FQM will be granted a Second Option to purchase Duran's remaining 20% interest by carrying out additional technical/feasibility studies and declaring a "decision to mine". The purchase amount will be calculated by applying a value of US\$0.02 per pound of copper equivalent to 20% of reserves. Duran will also be paid a NSR of 0.5% on all metal production from any subsequent mining operation (capped annually at US\$15 million) except in the case where FQM elects not to exercise the Second Option and Duran contributes its proportion of project development and construction costs. Duran's 20% interest will be free-carried through to a decision to mine.

Minasnioc Project

The Minasnioc Gold Project concession is located in the Department of Huancavelica, approximately 300 kilometres southeast of Lima. Title to the Minasnioc Gold Project property is held by Querco. In December 2015 the Company entered into an agreement with a private Peruvian mining company (the "Optionee") whereby the Optionee could earn a 100% interest in the Minasnioc Project by paying Duran US\$750,000 (\$1,038,000) (US\$50,000 received (\$69,200)) by December 2017, subject to the Optionee receiving approval from the local Minasnioc community. The Optionee terminated the option agreement in September 2017 and the property was returned to Duran in good standing.

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13. EXPLORATION AND EVALUATION EXPENDITURES (continued)**Huachocolpa Properties**

The Company holds a 100% interest in the Huachocolpa Properties, which consist of 82 contiguous and non-contiguous mining concessions in the Department of Huancavelica, approximately 260 kilometres southeast of Lima. Title to the Huachocolpa Properties is held by Corongo.

14. LOSS PER SHARE**a) Basic**

Basic loss per share is calculated by dividing the comprehensive loss by the weighted average number of common shares in issue during the period.

	Three-Months Ended		Nine-Months Ended	
	September 30,		September 30,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Comprehensive loss for the period attributable to common shareholders	256,338	841,487	1,196,601	1,612,906
Weighted average number of common shares outstanding	48,138,938	33,521,410	46,808,323	33,521,410
Loss per share	0.005	0.025	0.026	0.048

b) Diluted

Diluted loss per common share is equal to the basic loss per common share as the stock options and warrants outstanding for the three and nine month periods are anti-dilutive.

15. PLANT START-UP EXPENSES

	Three-months ended		Nine-months ended	
	September 30,		September 30,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$	\$	\$	\$
Salaries and management fees	124,075	147,696	455,502	446,068
Administrative and general	43,496	16,738	130,036	37,145
Rent and utilities	8,875	9,376	23,061	27,820
Geological and laboratory	339	13,751	19,531	72,449
Consulting and professional fees	776	25,375	3,070	72,135
	177,561	212,936	631,200	655,617

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16. GENERAL AND ADMINISTRATIVE

	Three-Months Ended September 30		Nine-Months Ended September 30	
	\$		\$	
	2017	2016	2017	2016
Management and consulting fees	41,250	60,625	107,250	281,875
Accounting and administration	91,469	23,079	123,956	67,388
Shareholder relations and filing fees	16,697	30,419	88,657	87,423
Share based payments	-	-	66,000	-
Professional fees	23,594	31,100	50,436	99,240
Travel	6,121	15,893	19,995	33,559
Rent	5,100	(3,600)	15,300	22,715
Insurance	5,487	7,412	15,057	25,549
Telephone and communication	1,695	1,036	3,083	3,390
Amortization	158	158	474	474
Director fees	-	(17,000)	-	-
	<u>191,571</u>	<u>149,122</u>	<u>490,208</u>	<u>621,613</u>

17. RELATED PARTY TRANSACTIONS

Related parties include officers of the Company, the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The remuneration of key management personnel and directors of the Company for the nine months ended September 30, 2017 and 2016 was as follows:

	Three Months ended September 30		Nine Months ended September 30	
	\$	\$	\$	\$
	2017	2016	2017	2016
Aggregate cash compensation	60,732	127,141	219,858	481,387
Director's fees	-	(17,000)	-	-
	<u>60,732</u>	<u>110,141</u>	<u>219,858</u>	<u>481,387</u>

As at September 30, 2017, a balance of \$312,725 (December 2016 - \$139,394) in unpaid compensation and \$72,500 (December 2016 - \$30,000) in advances was due to certain officers and directors of the Company. These amounts are unsecured, non-interest bearing with no fixed terms of repayment. During the nine months ended September 30, 2017 the Company issued promissory notes totaling \$125,000 to certain officers and directors of the Company (September 30, 2016 - Nil) and incurred interest of \$10,457 (September 30, 2016 - Nil). A total of \$45,000 in promissory notes was repaid as part of the shares for debt settlement. As at September 30, 2017, the promissory notes balance and interest outstanding for the related parties was \$90,349 (December 31, 2016 - \$ Nil) (See Note 9). During the year ended December 31, 2016 certain directors and officers of the Company subscribed for 3,866,667 Units in connection with the 2016 Offering as disclosed in Note 10 (a)(i).

No stock options were granted to related parties under the Company's stock option plan during the nine months ended September 30, 2017 and 2016.

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18. COMMITMENTS AND CONTINGENCIES**Lease agreement**

Effective August 1, 2016 the Company entered into an agreement to sublease office space expiring on January 30, 2018. The annual lease payment, before sublease income, is \$32,400.

The Company's subsidiary, Madosac, has annual office rental obligations of US\$20,400 (\$27,220).

Management contracts

Effective July 1, 2017 the Company amended the existing management consulting contracts to eliminate certain contingent events such as a change of control. As consideration for these amendments the Company agreed to pay management one-time contract settlement fees totaling \$300,000, provided that management remains with the Company until December 31, 2017. Payment of the contract settlement fees will only occur after payment of certain existing and ongoing liabilities of the Company outstanding as of July 1, 2017. In addition, management agreed to reduce their total minimum annual payments to \$240,000.

Environmental matters

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Legal proceedings

The Company is, from time to time, involved in various claims and legal proceedings. The Company cannot reasonably predict the likelihood or outcome of these activities. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reasons thereof, will have a material effect on the financial condition or future results of operations. As at September 30, 2017 and December 2016, no amounts have been accrued related to such matters.

19. SUBSEQUENT EVENTS

Subsequent to September 30, 2017, the Company completed the 2017 Offering by issuing an additional 8,580,000 Units for aggregate gross proceeds to the Company of \$429,000. In total the 2017 Offering consisted of 11,330,000 Units for aggregate gross proceeds to the Company of \$566,500. Each Unit consisted of one common share and one half common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one additional common share at an exercise price of \$0.075 for a period of two years from the closing of each tranche of the 2017 Offering. In the event that the closing sale price of the Common Shares on the TSXVE is greater than \$0.15 per share for a period of 20 consecutive trading days at any time after the date that is four months and one day after the closing of the 2017 Offering, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof and in such case the Warrants will expire on the 30th day after the date on which such notice is given by the Company.